

18 AUG 1948

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2. US and UK concerned over Palestine situation--The Department of State has expressed to US Consul General Macdonald in Jerusalem its "increasing concern over evidences of new and potentially aggressive" Israeli intentions and has instructed Macdonald to obtain the private views of US General Riley (now serving as Military Observer to the UN Mediator) regarding the military situation in Palestine. Macdonald has concurrently reported his conclusion that, for all practical purposes, the truce in Jerusalem has already broken down, at least temporarily. Citing the "large and organized scale" of recent fighting as a basis for this view, Macdonald adds that the UN observers are being obstructed by Jewish restrictions on their movements and that their moral authority has

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"practically evaporated." Meanwhile, US Ambassador Douglas reports Foreign Secretary Bevin's concern over the "grave possibilities" suggested by the latest Jewish military action. Bevin urges that the US consider "immediate and forceful steps" to halt the "Jewish mailed fist," lest a determined Jewish attack completely change the balance in Palestine and bring about the ultimate disintegration of Transjordan.

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3. US UN delegation urges speedy Arab refugee relief--The US delegation to the UN has advised the State Department of its belief that "as a matter of cold-blooded, political realism" in terms of US short- and long-range relations with the Arab states, the US should take the promptest and most vigorous steps, regardless of difficulties, to comply with the UN Mediator's request for Arab relief supplies. The US delegation also believes that the US should promptly take all other possible action to alleviate the desperate situation of the Arab refugees.

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#### EUROPE

4. USSR: Soviet trend toward economic integration--US Embassy Moscow reports trend toward greater centralization of economic control in the USSR as indicated by recent integrations in several ministries. The Embassy considers that unsatisfactory Soviet progress in meeting current Five Year Plan production goals in certain important industries, plus the need for increased industrial and strategic reserves, has probably influenced the Kremlin to move toward greater centralization of economic control in the USSR.

(CIA Comment: CIA concurs with the Embassy's analysis.)

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5. **DENMARK: Views on military cooperation**--The Danish Ambassador to Washington, temporarily in Copenhagen for official discussions, has informed US Ambassador Marvel that: (a) the Danish Government is satisfied with the present arrangement regarding the Greenland bases; (b) the Danes are "most disappointed and discouraged with the small amount of arms offered by the US"; and (c) he believes that the majority of Danes and the Government favor alliance with the western European union but that no action will be taken before the Swedish elections (12 September) nor before the west produces a "tangible" program of assistance.

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6. **KOREA: UN Commission to consult with new government**... US Political Adviser Jacobs reports that the United Nations Temporary Commission on Korea (UNTCOK) has informed President Rhee Syngman that it is now ready to consult with the government of the Republic of Korea pursuant to the terms of the UN General Assembly (UNGA) resolution on Korea of 14 November 1947.

(CIA Comment: This move will enhance the prestige of the new government and increase its chances for obtaining official UNGA recognition, since UNTCOK has now, in effect, tacitly recognized the Republic of Korea as the "national government" envisaged in the UNGA resolution.)

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